

**NOTE FOR THE PRESS**

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**Note for the press n°11  
19 May 2003****EMBARGOED UNTIL 20 MAY, 18:00 GMT****MEDICINE PRICES****New Survey Shows that Medicines Can Be Less Expensive**

Better information on prices, price differences and the factors contributing to the final cost of a medicine are essential if governments and other medicine purchasers are to find ways of making medicines more affordable. For this reason, the World Health Organization (WHO) and Health Action International (HAI) release today *Medicine Prices*, a pricing manual outlining how to collect data for thirty widely-used medicines to identify how prices for patients are determined.

Medicine prices vary between countries and regions and historically, relatively little has been known about how those prices are determined. In developing countries, where poverty places medicines out of reach of one-third of the population, people who do have some access sometimes pay more than in industrialized countries for the same medicine. Most of this money is paid out-of-pocket, as health insurance is often lacking.

The new manual will particularly benefit governments, consumer associations, non-governmental organizations (NGOs) and any other group purchasing medicines by providing information on price composition and price differences. It proposes a price survey methodology, suggests how to analyse price data, and identifies broad policy options to achieve more affordable prices. In short, it will allow buyers and procurers of medicines to make more informed, cost-effective choices, and will contribute to global knowledge on medicine pricing.

The manual offers a new approach to measuring the cost of medicines. Among other things, it encourages comparison of prices of innovator brand products with their generic equivalents. In field tests, 30 days of ulcer treatment with the innovator brand of ranitidine was found to cost the equivalent of 50 days' wages in Cameroon and 20 days in Kenya, while the generic ranitidine cost 24 and eight days' wages respectively.

The manual also brings to light the difference between procurement price and consumer prices. The latter include mark-ups, taxes, tariffs and other charges. Pilot-testing the manual in Peru, for example, showed that local cost add-ons raised the price of generic ranitidine from \$2.90 for 20 tablets (imported price) to \$7.20 (retail price).

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Even in Brazil, where most medicines are domestically produced, taxes and retail mark-ups typically add over 40% to factory prices. Analysis of price components allows greater clarity as to whether price differences originate with manufacturers, local distribution systems, dispensing fees, taxes and other local factors.

Field tests with the manual in a number of low- and middle-income countries show, for example, that the consumer price of nifedipine, a drug used for hyper-tension, is six times higher in South Africa than in Brazil, with intermediate prices found in Ghana and the Philippines.

It is not unusual for people in developing countries to pay more for medicines than consumers in industrialized countries, both in relation to their income and even in absolute terms. For instance, in 2000, lamivudine, used in the management of HIV/AIDS, was found on average to be 20% more expensive in Africa than in ten industrialized countries. Average income levels in Africa are about 2% of those in the high income industrialized countries, so the difference in affordability is severe.

As well as HIV and malaria medicines, the manual recommends surveying the price of drugs for chronic conditions, usually less associated with developing countries but which none the less affect growing numbers of their populations.

Prior to publication, the survey methodology was tested over two years in several case study countries: namely, Armenia, Brazil, Cameroon, Ghana, Kenya, Peru, Philippines, South Africa and Sri Lanka. Data from the pilot studies are available on HAI's website at [www.haiweb.org/medicineprices](http://www.haiweb.org/medicineprices).

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**The manual and further details of field tests will be presented by WHO and HAI at a briefing during the World Health Assembly on 20 May, at 17:30, Palais des Nations, Room VIII.**

Speakers at the event will be:

Eva Wallstam, Civil Society Initiative, WHO

Jonathan Quick, Essential Drugs and Medicines Policy, WHO

Dennis Ross-Degnan, Harvard Medical School

Aarti Kishuna, Principal Investigator for South Africa pilot study

Margaret Ewen, HAI

**All journalists are welcome.**

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The manual and accompanying software are available, under embargo and to journalists only through the following URL link <http://www.who.int/medicines/library/prices.shtml> and through the password : pricesmed

All WHO Press Releases, Fact Sheets and Features as well as other information on this subject can be obtained on Internet on the WHO home page: <http://www.who.int>